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C O N F I D E N T I A L SECTION 01 OF 02 TEGUCIGALPA 000782

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STATE FOR EB/IFD, WHA/EPSC, INR/IAA, DRL/IL, AND L/LEI,  
STATE FOR EB/OMA AND WHA/CEN  
STATE PASS USTR  
JUSTICE FOR CRIMINAL DIVISION/FRAUD SECTION/MARK MENDELSOHN  
AND WILLIAM JACOBSON

E.O. 12958: DECL: 05/09/2017

TAGS: [ECON](#) [ECPS](#) [EINV](#) [ELAB](#) [HO](#) [KJUS](#) [KPRV](#) [PGOV](#) [PINR](#)  
SUBJECT: HONDURAS: FACING CORRUPTION CHARGES, HONDUTEL  
MANAGER DEMOTED, THEN PROMOTED

REF: A. TEGUCIGALPA 579  
[1B](#). TEGUCIGALPA 736

Classified By: Classified by Ambassador Charles Ford for reasons 1.4 (B  
,D)

¶1. (C) SUMMARY: In a series of surprise moves, Hondutel operations director Marcelo Chimirri was essentially stripped of authority at the state run telecommunications company and all his legal actions during his tenure were nullified. However, Chimirri was then promoted several days later as the interim head of Hondutel. President Jose Manual "Mel" Zelaya personally intervened to help Chimirri despite compelling evidence regarding his role in corruption presented by Hondutel Chief Jacobo Lagos, who subsequently resigned. Congressional members may be able to use this moment to present a CAFTA compliant version of the oft-delayed Telecommunications Law in Congress. END SUMMARY.

¶2. (C) At a regularly scheduled board meeting for state telecommunications company Hondutel April 20, general manager Jacobo Lagos presented compelling evidence of corruption at the company, much of which was due to operations director Marcelo Chimirri (ref A). Lagos presented evidence of international carrier contracts negotiated with seemingly arbitrary rates, and described a fraudulent scheme used by the carriers to isolate disputed charges every month which they never paid (Comment: Post issued a Foreign Corrupt Practices Act cable, ref B, that identifies the carriers and describes in more detail how the scheme works. End Comment).

¶3. (C) In response to the charges, the Hondutel board, led by Finance Minister Rebecca Santos, gave support to an initiative by Lagos to investigate the contracts and undertake a technical audit of Hondutel facilities. The initiative, summed up in a memo to be released to all Hondutel personnel May 4, would also render any legal decisions made during Lagos' administration (which began January 15) subject to review by the audit committee. The memo specifically stated that any decisions made without his consent during this period would be declared illegal and void (Comment: This was specifically aimed at actions committed by Chimirri. End Comment).

¶4. (C) The memo was sent out on May 4 and, on May 7, the

situation took another dramatic turn. Another meeting of the board of directors was called in the afternoon, and by early evening Lagos' authority had been reduced and Chimirri was reinstated, this time as the interim head of Hondutel. President Zelaya has stated that he "could not permit two officials to continue fighting," and he had to fire Lagos because of their "incompatibility of characters." When asked why Lagos was fired instead of Chimirri, Zelaya responded that Chimirri simply had more experience on the job.

¶5. (C) In a meeting May 8 with EconChief, Lagos indicated that he was called to the President's office May 7 and was told by Zelaya that the President had a "moral commitment to reinstate Chimirri. Also in the meeting with Lagos and Zelaya were the Vice Minister of Industry and Commerce (SIC) Jorge "Coki" Rosa, and the President's son Hector Zelaya.

(Comment: Lagos was convinced that Rosa, a board member of Hondutel, was positioning himself as the next head of Hondutel. Post has not been impressed with Rosa's contentious tenure at SIC, and his naming to Hondutel would not bode well for a future market opening. The presence of Hector Zelaya, a close confidant of his cousin Chimirri, reinforces the strong bond the Hondutel manager has with the President. End Comment).

¶6. (C) President of Congress Roberto Micheletti reacted with anger at the change of events, and met with Ambassador on May 18. In the meeting he detailed a new legislative strategy that would present a CAFTA compliant version of the telecommunications law to Congress within the next few days. (Comment: Historically the office of the President would submit this type of legislation for Congressional review, but the latest version of the law submitted by the President was

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roundly criticized by the telecommunications community and eventually withdrawn by the President. End Comment). The plan would be to have a member of a minor party present the legislation on the floor of the Congress, and Micheletti in turn would quickly place the draft law on the agenda. Post has worked extensively with Congressional members from both major parties involved with the legislation, and most have appeared supportive of the CAFTA compliant version of the law. It is hoped that this strategy, coupled with more scandal at Hondutel, may enable Congress to pass the law even with executive office opposition.

¶7. (C) SUMMARY: The news that Chimirri had lost out in a power struggle for Hondutel was a pleasant but somewhat confusing surprise ) Post had assumed the connection between Chimirri and President Zelaya, whether through family relations or illicit business dealings, was stronger. In the end, with President Zelaya awkwardly reinstating Chimirri with even greater powers and sacking Lagos, the strong connection did prove out. Post is still unclear on what role Rebecca Santos played in this drama ) did she have the President's permission to move against Chimirri and Zelaya changed his position, or did she not seek his approval? In the more likely scenario Zelaya changed his position, perhaps after a talk with Chimirri. While the bond between the two may be too strong to break, passage of a new telecommunications law that opens the market to competition promises to limit or eliminate Chimirri's ability to intervene in the telecommunications industry. END SUMMARY.

FORD